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Caribbean Basin

HRI Food Service Sector

St. Vincent & the Grenadines

2004

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Report Highlights:

St. Vincent & the Grenadines (S.V.G.), a multi-island independent nation in the Windward Islands, has a continuous growing economy mainly sourced by tourism. The islands received nearly 250,000 visitors in 2002 of which more than 26 percent were from the United States. The nation's Hotel, Restaurant and Institutional (HRI) sector has considerable potential for development over the next years. This report will aid U.S. exporters in profitably entering S.V.G. HRI food service sector.

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Section I. Market Summary

Country Snapshot

St. Vincent & the Grenadines (S.V.G.), located at the southern end of the Caribbean chain, has a total area of 150 square miles and is composed of 32 islands and cays. The nation's total population is around 117,000 (2003 est.). St. Vincent is the largest island with nearly 90 percent of the country's land area and population. Kingstown, located in St. Vincent, is the capital, focal point of the commercial activity, seat of the Government, and transportation hub for the Grenadines. Bequia, Canouan, Mayreau (private), Mustique (private), the Tobago Cays (unpopulated), Palm Island (private), Petit St. Vincent (private), Union Island, and others are part of the Grenadines' chain. Unlike St. Vincent, the Grenadines are lightly populated and barely developed.

The Grenadines are easily accessed from St. Vincent and one another by inter-island flights, small boats, and regular ferry services. The 6 airports in S.V.G. are St. Vincent, Canouan, Mustique, Bequia, Union Island, and Palm Island. These airports are not up to U.S. airport standards, which bars U.S. passenger flights and negatively affect the country's tourism and economy. American Eagle lands only in Canouan and Ameri-Jet, a U.S. cargo service, makes 2 weekly stops in St. Vincent.

S.V.G. obtained its independence from the United Kingdom on October 1979 and now is a parliamentary democracy. It is part of the British Commonwealth and the Governor General is appointed by and represents the Crown. The nation is a member of the Organization of Eastern Caribbean States (OECS) and the Caribbean Community and Common Market (CARICOM). These trading blocks or trade agreements ease trade between member Caribbean nations by offering duty-free access, facilitating bilateral and multilateral co-operation, and allowing goods, services, people and capital to move throughout the Caribbean nation members without tariffs and restrictions.

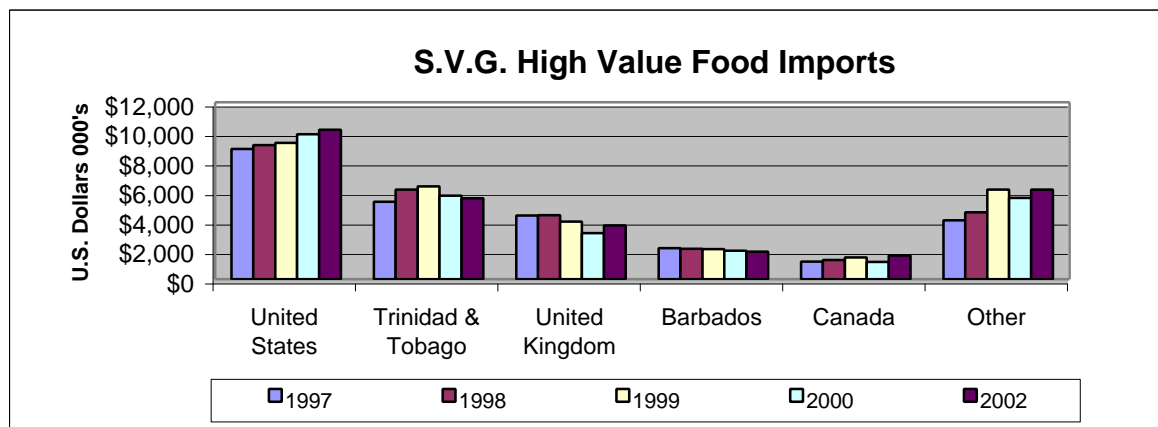
S.V.G. economy is based on the service sector, which is led by its tourism industry. Recent economic growth has been stimulated by an improvement in tourism and strong activity in construction. Tourism has considerable potential for development over the next decade. Agriculture, dominated by banana production, is also an important sector. S.V.G. produces bananas, coconuts, mangoes, pineapples, pumpkins, yams, sweet potatoes, carrots, and ginger as well as other uncommon fruits and vegetables. Small farmers also produce cattle, sheep, pigs, goats, poultry, and seafood. Due to periodic natural disasters such as hurricanes and volcanoes, S.V.G. agricultural sector has been unstable in recent years.

Market Overview

S.V.G. market for food and beverage products was worth \$29 million in 2002. The United States is the islands' main supplier of food and beverage products accounting for 35 percent of imports. This lead is attributed to proximity, quality, and competitive pricing of U.S. high value products. The second largest trading partner is Trinidad & Tobago mainly because of the proximity to S.V.G. and trade agreements. The United Kingdom takes the third slot due to the nation's strong British heritage. Other trading partners include Barbados, Canada, Jamaica, Ireland, Denmark, the Netherlands, and St. Lucia.

The S.V.G. tourism industry is not fully exploited and is quickly becoming more and more important in the local economy growth projections. The nation's total food and beverage market designated for the HRI food service sector is estimated to be over \$3 million dollars, which accounts for approximately 30 to 40 percent of the market. The remaining 60 to 70 percent is channeled by the retail sector.

The United States is the only country that has consistently increased the amount of food exports to S.V.G. since 1997. This increasing trend is due to the U.S. ability to adapt to the island's food needs. Growing consumer awareness of U.S. brand-name products, brought about in large part by cable TV, has also been a factor in this growth. Other main trading partners have experienced a gradual decrease over the last years. Please note that information is not available for 2001.

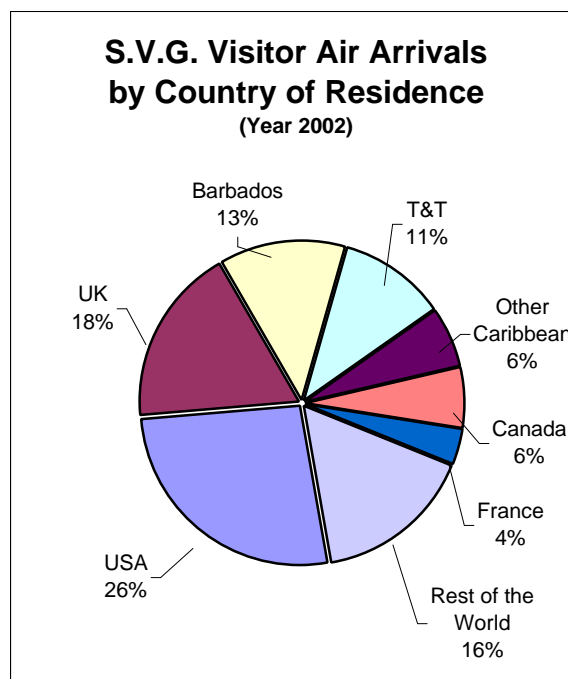


Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

Tourism and HRI

Each island within S.V.G. differs from one another in the mix of local residents and tourists. St Vincent is mostly populated by local residents and the Grenadines are more of a tourist destination. Major differences also exist within the Grenadines. Mustique and Palm Island cater to the rich and famous and others like Bequia and Union Island attract an international crew of beachcombers. Just two of the islands, St. Vincent and Bequia, have any real selection of hotels. Palm Island, Petit St. Vincent, Young Island, and Mayreau are single-resort islands. Mustique specializes in cottage & villa accommodations and other dots on the map lack distinctive lodging. Less than a quarter of the islands are inhabited (part of their charm for yachtsmen), while some welcome no-frills sailors and divers, and others have been transformed into tiny oasis of barefoot luxury. S.V.G. is world renowned for fantastic sailing and the Grenadines are a Mecca for yachtees from around the world.

In fact, S.V.G. receives visitors from almost every corner of the world. Overall tourists slightly decreased in 2002 but visitor expenditures increased by 1.3 percent. The United States is the main source of tourists arriving in S.V.G. and it is obvious to say that American tourists prefer U.S. food products. Other Caribbean nations including Barbados and Trinidad & Tobago are also important sources and these show tremendous growth potential in the years to come. Both British and Canadian visitors recorded significant increases and are expected to keep this rising trend.



Source: S.V.G. Ministry of Tourism and Culture

rising trend.

Visitor arrivals in S.V.G. are not evenly distributed among the islands. St. Vincent, Union Island, and Bequia are the three largest ports of entry for tourists. St. Vincent tourists mainly arrive by air while the other two islands receive a large amount of foreigners by sea. Mustique and Canouan receive a smaller crowd of visitors who arrive mostly by air. It is important to point out the differences between these two types of visitors because they often have distinct food needs and buying patterns. For example, it is very likely that air arrivals will eat at their hotel while sea arrivals may eat either on a cruise ship or on their own yacht.

Room capacity in S.V.G. totals 1,762, which is divided among 152 properties. Hotels & resorts constitute 54.9 percent of the nation's accommodations followed by cottages & villas with 20.3 percent. While hotels & resorts are the main source of housing tourists in most of S.V.G., cottages & villas are particularly important in Bequia and Mustique. Although tourists staying in cottages & villas may visit local restaurants, it is more probable that they cook their own meals.

More than 80 restaurants are in business in S.V.G. The overwhelming majority of them are located in hotels or other type of accommodations targeting mostly tourists. The few that are independently owned tend to serve the local population as well as tourists. During the tourist season (mid December to mid May) and during the nations major celebrations (Easter Regatta in April and Carnival in June) restaurants are in vogue. During the off-season some of them close during weekdays.

Advantages	Challenges
The S.V.G. tourism industry has huge growth potential.	Importers and hotels usually purchase food products in small volumes.
U.S. tourists represent 26 percent of total tourists visiting S.V.G.	St. Vincent Marketing Corp. has a monopoly on sugar imports.
The United States leads the food and beverage market due to the proximity to S.V.G. and ease of shipment.	CARICOM trade agreement offers duty-free access to S.V.G. food market for other Caribbean member nations.
S.V.G. has been importing most of its food needs due to a declining agricultural sector.	Import licenses protect local production as well as products from CARICOM countries such as selected fruits and vegetables.
Product labeling standards are voluntary in S.V.G.	Citrus is not allowed from Florida due to the Citrus Canker disease.

Section II. Road Map for Market Entry

A. Entry Strategy

S.V.G. HRI sector obtains its food and beverages from local importers, retailers, manufacturers and producers. Because of small volumes, the best way for the HRI sector to obtain imported food products is by a local importer, which usually wholesales and also distributes. It is common for local importers to run out of stock on certain food products. In these instances, the HRI sector obtains their products directly from supermarkets and grocery stores.

To successfully enter S.V.G. HRI sector, U.S. exporters should first contact the local importers who distribute HRI food products. Exporters should be prepared to provide them with product literature and samples. If the product suits their needs, importers will want to meet the U.S. supplier on the island to close the deal. U.S. exporters may also try to contact hotel

management and/or restaurant owners or chefs. After receiving product literature and samples, they will likely ask the supplier to work thru their food importer or distributor.

B. Market Structure

Local importers, who import virtually 100 percent of the sector's food needs, rule food distribution to S.V.G. HRI sector. Although many hotels and restaurants are willing to import directly, none of them can do so as a result of their small purchasing volumes. When products are not available through importers, the HRI sector relies upon supermarkets and grocery stores to obtain their food supplies.

Hotels and restaurants also carry a fair selection of local food products like fresh produce, meats, poultry and seafood. These are bought on a daily basis in traditional markets like Market Square in Kingstown.

Product Flow for Imported Products:



C. Sub-Sector Profiles

1. Hotels and Resorts

Name	Location	Rooms	Purchasing Agent
Sunset Shores Beach Hotel	St. Vincent	32	Local Importer
New Montrose Hotel	St. Vincent	25	Local Importer
Young Island Resort	Young Island	30	Local Importer
Plantation House	Bequia	27	Local Importer
Friendship Bay Hotel	Bequia	28	Local Importer
Cotton House Hotel	Mustique	20	Local Importer
Canouan Beach Hotel	Canouan	33	Local Importer
Carenage Bay Beach	Canouan	178	N/A
Tamarind Beach Hotel	Canouan	45	Local Importer
Petit St. Vincent Resort	Petit St. Vincent	22	Local Importer
Palm Island Resort	Palm Island	24	Local Importer
Clifton Beach Hotel	Union Island	30	Local Importer

The above list constitutes the 12 largest hotels in S.V.G., each with at least one main restaurant. The majority of hotels in the nation have less than 20 rooms and about half of them have restaurants on their premises. Hotel restaurants are generally open to non-resident guests. Both local and international cuisines are served in most hotels. Some hotels offer different type of meal plans that are included with the room rate. Some of the few all-inclusive hotels include Petit Bayhaut (not listed), Palm Island Resort, and

Canouan Beach Hotel. The Modified American Plan (MAP) that includes breakfast and dinner is offered, for example, at Young Island Resort and the Cotton House (the Caribbean's most exclusive hotel). Others like Friendship Bay Resort and Plantation house only offer breakfast. The Carenage Bay Beach, the nation's largest resort, is currently closed for renovation but it is expected to re-open by summer 2004.

St. Vincent's hotels target business people whose visits are work related. In contrast, hotels in the Grenadines are more oriented toward tourists. This explains why hotels in the Grenadines have more charm than those in the nation's main city.

2. Restaurants

Name	Location	Type of Cuisine	Purchasing Agent
Lime Restaurant & Pub	St. Vincent	West Caribbean/Indian	Local Importer
Basil's Bar & Restaurant	St. Vincent & Mustique	Seafood/International	Local Importer
Ocean Allegro Rest. & Bar	St. Vincent	Seafood/International	Local Importer
Vee Jay's Rooftop Rest. Ltd.	St. Vincent	West Indian/International	Local Importer
Bounty	St. Vincent	American/West Indian	Local Importer
French Restaurant	St. Vincent	French/Seafood	Local Importer
Juliette's Restaurant	St. Vincent	West Indian	Local Importer
Kentucky Fried Chicken	Downtown and Uptown, St. Vincent	Fast Food	U.S. Agent
L'Auberge de Grenadines	Bequia	French	Local Importer
Coco's Place	Bequia	Seafood	Local Importer
Le Petit Jardin	Bequia	French/International	Local Importer
Mac's Pizzeria	Bequia	Italian	Local Importer
Dawn's Creole Rest. & Beach Cafe	Bequia	West Indian/International	Local Importer
De Reef	Bequia	Caribbean/Seafood	Local Importer

S.V.G. does not have a large selection of independent restaurants; most of them are located in hotels or other type of accommodations. The previous table lists those that are outside hotel premises. Popular cuisines in the nation are: French, international, seafood, and West-Indian. Kentucky Fried Chicken, with two convenient locations, is the only fast-food chain on the island.

Most restaurants do not import food products directly. They buy all of their food needs from local wholesalers. A small percentage of products, usually less than 15%, are bought from local manufacturers or producers. Local products usually include fresh juices, fruits, vegetables, seafood, and liquor.

3. Institutional

Institutions in S.V.G. play a minimal role in food imports. The nation has various hospitals, two prisons, and several schools which all buy their food products mainly from local manufacturers and producers. A much lesser amount of products are acquired from local importers and are usually low priced items.

Section III. Competition

Competition for food and beverage products is led by the United States who supplies most of the nation's total needs. The high quality and competitive prices of U.S. food products, along with the United States proximity to S.V.G., are the winning factors of this advantageous position. The biggest competitors are other Caribbean countries such as Trinidad & Tobago and Barbados, and the United Kingdom. The first two are because of logistics reasons and the last one because of the nation's strong relations with the U.K.

The following products and countries compete with U.S. products:

- **Beef:** U.K., Canada and local.
- **Poultry:** U.K. and other Caribbean countries.
- **Pork:** U.K., local and other Caribbean countries.
- **Fresh Produce:** local and other Caribbean countries.
- **Seafood:** U.K., Canada, Netherlands, and other Caribbean countries.
- **Dry Goods:** U.K., Canada, Denmark, local, and other Caribbean countries.
- **Dairy Products:** U.K., Canada, and Denmark.
- **Alcoholic Beverages:** U.K., France, South America, local, and other Caribbean countries.
- **Non-Alcoholic Beverages:** U.K., local, and other Caribbean countries.
- **Specialty Foods:** U.K., Canada, France, and Germany.
- **Bakery Ingredients:** other Caribbean countries.

The United States dominates the market in the categories shown in the following table. U.S. food products comprise sixty to eighty percent of the market share for fresh fruits, pet foods, fresh/chilled/frozen red meats, processed fruits and vegetables, and poultry meats.

Top 10 U.S. Food Products in S.V.G. Import Market for 2002			
U.S. High Value Food Product	Market Share	U.S. High Value Food Product	Market Share
Fresh Fruits	88%	Red Meats (Prepared/Preserved)	39%
Pet Foods	86%	Mixed Container Loads	32%
Red Meats (Fresh/Chilled/Frozen)	78%	Breakfast Cereals & Pancake Mixes	31%
Processed Fruits & Vegetables	64%	Snack Foods (Excl. Nuts)	28%
Poultry Meats	63%	Fruit & Vegetable Juices	20%

Source: UN Trade Data

Section IV. Best Prospects

A. Products Present in the Market Which Have Good Sales Potential

Market opportunities exist for a wide array of retail products:

- "Healthy products"
- Snack foods

- Convenience or value added goods
- Dairy products
- Beef
- Poultry products
- Pulses

B. Products Not Present in Significant Quantities but Which Have Good Sales Potential

- Diabetic products
- Energy drinks
- Organic products

C. Products Not Present Because They Face Significant Barriers

Products that are not allowed into S.V.G. include:

- Citrus from Florida (Citrus Canker)

Others that are heavily restricted by licenses or duties include:

- Locally grown types of fruits and vegetables
- Rice
- Water
- Bakery ingredients

Section V. Import Regulations

Customs offices are located in every populated island in the nation. Officers require the following documentation for the entry of food imports:

- Import declaration
- Commercial invoice
- Bill of lading or airway bill
- Packaging list
- Certificate of origin
- Certificate of value or bill of exchange
- Insurance certificate

Goods usually take between one to two weeks to clear customs. S.V.G. custom offices also offer a quick customs clearance process for a fee charged to importers.

Upon entry, food products are inspected by the Department of Health. Meat imports have to be inspected by veterinarians from the Ministry of Agriculture. In order to import fresh produce to S.V.G., U.S. exporters are required to have a phyto-sanitary permit. In the case of seafood, an approval of the Fisheries Department is required.

Product labeling standards in S.V.G. are voluntary, although they are in the process of making them compulsory. They do not enforce the standards because local products do not yet meet them. S.V.G. Bureau of Standards recommends that the following standards should be included in the products label:

- Name of product
- English language
- List of ingredients, including food additives
- Net contents and drained weight of the food (when applicable)
- Name and address of the manufacturer packer, distributor, importer, or vendor
- Country of origin
- Batch or lot identification
- Date of minimum durability
- Storage instructions
- Instructions for use

- Grade designations

Imports of goods that compete with agricultural exports of CARICOM countries are subject to licenses. S.V.G. has a reserve list of about 80 items subject to licensing. Goods that compete with locally made products are prohibited in some cases. A minimum of forty-eight hours is required for processing an application for license to import food products into the nation. A charge of \$5 EC (approximately \$2 US) in stamps is required to apply.

St. Vincent Marketing Corporation is a statutory body that acts on behalf on the government as importer of commodities and exporter of fresh produce and seafood. It also maintains the competitiveness of selected food products by buying them directly from the producer/manufacturer and selling them to consumers at reasonable prices. In addition, the Corporation has a monopoly on sugar imports. Furthermore, St. Vincent legislation provides government authority to administer trade in any commodity by simple administrative decision.

Section VI. Contact Information

A. For more information on St. Vincent & the Grenadines and a list of importers for your U.S. product, please contact:

**Caribbean Basin Agricultural Trade Office
Foreign Agricultural Service
United States Department of Agriculture**

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Please visit our website for more reports and information on St. Vincent & the Grenadines and other Caribbean Islands:

<http://www.cbato.fas.usda.gov>, click on "U.S. Exporters"

B. Other Sources of Information on St. Vincent & the Grenadines:

St. Vincent Marketing Corporation

Mr. Sonny A. Williams, CEO

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Upper Bay Street

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Ministry of Agriculture, Land & Fishery

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Ministry of Foreign Affairs, Commerce and Trade

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St. Vincent & the Grenadines Customs Department

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St. Vincent & the Grenadines Bureau of Standards

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St. Vincent & the Grenadines Ministry of Tourism and Culture

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